

GVNW Inc./Management

TARIFF F.C.C. NO. 2 (ACCESS SERVICE)

TRANSMITTAL NO. 174

ISSUED: March 17, 2001

EFFECTIVE: April 1, 2001

COST SUPPORT

Overview

In accordance with Federal Communications Commissions' (Commission) rules, GVNW Consulting, Inc.¹ (GVNW) submits the information below in support of proposed addition of Asymmetrical Digital Subscriber Line Service (ADSL) Term Rate Plan service, effective April 1, 2001, for C-R Telephone Company (C-R) and El Paso Telephone Company (El Paso) in GVNW Inc./Management Tariff F.C.C. No. 2.

C-R and El Paso are filing this transmittal under Section 61.38.

Revenue Requirements

C-R and El Paso have provided information regarding the purchase price of the new ADSL equipment and has removed the cost of the non-regulated items from that price. We then took allocation factors from C-R's and El Paso's latest cost study that was done in accordance to Commission Part 36 and Part 69 rules for access charges. These cost studies are based on audited financial statements reflecting operating results accounted for consistent with the Part 32 Uniform System of Accounts.²

Demand

GVNW has estimated demand for this new service based on other similar companies and will track to actual. C-R has estimated that 48 individuals will take this service and El Paso has estimated that 91 individuals will take this service in the next year and have set

¹ Effective January 1, 1999, the former GVNW Inc./Management became GVNW Consulting, Inc.

² 47 C.F.R. Part 32 §§ 32.1 – 32.9000. The issuing carriers are all Class B telephone companies under Sections 32.11 and 32.9000, respectively 47 C.F.R. § 32.11 and 47 C.F.R. § 32.9000. Accordingly, the issuing carriers utilize the Part 32 USOA accounts prescribed for Class B telephone companies.

prices accordingly. The rates included in this filing correspond closely to those set in the NECA tariff.

Rate Development

Upon successful production of revenue requirements and gathering of interstate access demand, the company divided the revenue requirement for this service by the anticipated demand to develop the rate for this service. The Term Discounts were estimated to result from net savings due to expected decreases in turnover of annual ADSL activity. The Term Discounts also correspond closely to those set in the NECA tariff.

Conclusion

C-R and El Paso have utilized prospective costs and demand, as circumstances and the Commission's rules dictate. Based on C-R's and El Paso's calculations of all access rates pursuant to the Commission's prescribed procedures, C-R and El Paso believe their rates are just and reasonable. As required by the Commission's rules, GVNW will make available, on behalf of all Issuing Carriers, supporting documentation to interested parties upon reasonable request from such parties. Requests for information can be made to:

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El Paso Telephone Company

Line #	Description	Source	Circuit Equipment Factor	Outside Plant Factor	Circuit Equipment Investment	Outside Plant Investment	TOTAL
1	Investment		--	--	\$52,226.50	\$0.00	\$52,226.50
2	Maintenance Expense	L1 x %	4.88%	20.08%	\$2,548.65	\$0.00	\$2,548.65
3	Depreciation Expense	L1 x %	33.33%	0.00%	\$17,407.09	\$0.00	\$17,407.09
4	General & Admin Expense	L1 x %	20.71%	20.71%	\$10,816.11	\$0.00	\$10,816.11
5	Property Tax (Other Taxes)	L1 x %	0.29%	0.29%	\$151.46	\$0.00	\$151.46
6	ROR X Avg Investment	L1/(2) X %	11.25%	11.25%	\$2,937.74	\$0.00	\$2,937.74
7	Federal Income Tax Gross-Up	FIT/(1-FIT) x L6	53.85%	53.85%	\$1,581.86	\$0.00	\$1,581.86
8	State Income Tax Gross-Up	((1+FIT)/(1-SIT))-(1+FIT) x L6	11.90%	11.90%	\$349.61	\$0.00	\$349.61
9	Annual Revenue Requirement	Sum of L2 - L8	--	--	\$35,792.52	\$0.00	\$35,792.52
10	Monthly Rate	L9/(12)			\$2,982.71	\$0.00	\$2,982.71
11	Number of Subscribers				91	91	91
12	Average Monthly Revenue Per Subscriber	L10/L11			<u>\$ 32.76</u>	<u>\$ -</u>	<u>\$ 32.76</u>
	Term Discount for 1 Year						92%
	Rate for Year 1					\$	30.00
	Term Discount for 3 Years						82%
	Rate for 3 Year Discount					\$	27.00

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C-R Telephone Company

Line #	Description	Source	Circuit Equipment Factor	Outside Plant Factor	Circuit Equipment Investment	Outside Plant Investment	TOTAL
1	Investment		--	--	\$25,180.00	\$0.00	\$25,180.00
2	Maintenance Expense	L1 x %	10.77%	4.56%	\$2,711.89	\$0.00	\$2,711.89
3	Depreciation Expense	L1 x %	33.00%	0.00%	\$8,309.40	\$0.00	\$8,309.40
4	General & Admin Expense	L1 x %	20.93%	20.93%	\$5,270.17	\$0.00	\$5,270.17
5	Property Tax (Other Taxes)	L1 x %	0.16%	0.16%	\$40.29	\$0.00	\$40.29
6	ROR X Avg Investment	L1/(2) X %	11.25%	11.25%	\$1,416.38	\$0.00	\$1,416.38
7	Federal Income Tax Gross-Up	FIT/(1-FIT) x L6	53.85%	53.85%	\$762.66	\$0.00	\$762.66
8	State Income Tax Gross-Up	((1+FIT)/(1-SIT))-(1+FIT) x L6	11.90%	11.90%	<u>\$168.56</u>	<u>\$0.00</u>	<u>\$168.56</u>
9	Annual Revenue Requirement	Sum of L2 - L8	--	--	\$18,679.34	\$0.00	\$18,679.34
10	Monthly Rate	L9/(12)			\$1,556.61	\$0.00	\$1,556.61
11	Number of Subscribers				48	48	48
12	Average Monthly Revenue Per Subscriber	L10/L11			<u>\$ 32.43</u>	<u>\$ -</u>	<u>\$ 32.43</u>
	Term Discount for 1 Year						91%
	Rate for Year 1					\$	29.50
	Term Discount for 3 Years						82%
	Rate for 3 Year Discount					\$	26.75